

Recession or Depression?

Who knows at this point. We're going to see some adjustments moving forward and, at this point, we think the best case scenario would be a deep recession. The decision to shut down most of the global economy will reverberate through the system for many years. Some things will bounce right back, others will change forever, and some will thrive because of the changes people will make in response to the virus.

We look at the short-term winners and they include food companies that are mostly direct to consumer, delivery firms, pharma companies who race to find a vaccine (will there ever be one that is effective???), and tech firms who can help with communications and remote meetings.

We also look at some long-term industries where we just cannot see what that recovery looks like. These include the cruise lines and places where a lot of people are stuck in one place very close together. They'll come back eventually but we think it will be a long term grind to get most people comfortable with these again.

The simplest of firms in the energy space, provided they don't go bankrupt, will be big winners, only because they are priced as if they're all going out of business. This isn't for the faint of heart: many companies in this space will fail, some are projecting 35% of the industry will fail. We get it, but if and when that happens, smart firms will pick up many of those failed firms for pennies on the dollar. I want to be in those firms that have gone shopping for the failed ones and who literally 'stole' the assets of the failed firms.

Economic activity has ground to a halt; it is about where it was in the midst of the great recession.

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We Need More

Antonio Mullen was what is affectionately called "an Army brat." Both of his parents served in the U.S. Army. Fresh out of high school, Antonio himself joined the U.S. Army on September 11, 2003, the anniversary of 9/11. Born to a military family, he felt it was his turn to serve his country, just as his parents had done.

Tony had a knack for mechanical things and became a heavy/light wheel mechanic. He performed his basic training in Fort Leonard Wood, MO, and from there he was sent to Korea where he served for a year. After that, he was sent back to Missouri for a few months before he was deployed to Iraq. (John Garfield parallel paths my friend)

During that brief final stint, Tony met and fell in love with Lacy. "I already had a son before I met Tony," Lacy said, "and on our wedding day my little boy walked me down the aisle to the man he today knows as daddy."

Tony completed his first tour in Iraq and rotated back to the states. "Tony was only home for what seemed like the shortest year of our lives before returning to Iraq," Lacy said. "However, this time when he got on the plane, I was five months pregnant with our daughter. He couldn't get home for her birth, but we were able to stay on the phone during the entire labor and delivery. He named her America (awesome! 😊); he wanted her to know that he risked his life for his country twice and would risk it for her forever! He met America for his brief two-week rest and recovery when she was two months old and did not see her again for eight months." During his second tour in Iraq, Tony was more or less in combat conditions, spending most of his time "outside the wire" in uncertain ground repairing military vehicles, often under fire. "He was the sergeant in his motor pool. He was shot at many times and even faced a suicide bomber," Lacy recalled. "But the pivotal injury occurred when Tony's Forward Operating Base was attacked while he was working on top of a Humvee. The blast from the explosion knocked him off the top of the vehicle flat on his back, hitting his head. The head injury caused a traumatic brain injury (TBI) and contributed to his post-traumatic stress disorder (PTSD).

Tony was rotated back to the states and posted to Fort Hood where his injuries could be assessed and treated. Initially, the doctors focused on his physical injuries and were slow to recognize the TBI and PTSD. "While stationed in Texas, Tony had many appointments with doctors trying to figure out what was wrong with him beyond the physical aspect. At the time I was unaware of PTSD or its symptoms and felt as though I had lost part of myself because it felt as though my husband hated me. After doing my own research to find out what could possibly be wrong with my husband, I felt like PTSD was the most likely answer. He eventually had a breakdown and was placed in a facility for 30 days. This is when he was officially diagnosed with chronic PTSD and started the process of medical retirement."

Since Tony retired from the service, with an 80 percent disability rating, he has been to several surgical consultations for injuries to his back, knee and hip, but no surgery has been scheduled because the physicians have yet to decide which surgery should be performed first, and the precise procedures required for each.

"Tony's retirement was also when we began our healing and recovery process as well," Lacy said. "We have now been together 12 years and will celebrate our 12th anniversary in December. We added a little boy to our family and now have four children. We also have a little dog that we have had almost as long as we've been married; she has become a grand asset to the family. She has been therapeutic not just for my husband but for me and the kids as well. More recently, the kids adopted a six-year-old pug that was in danger of being put to sleep." Tony has completed work on a bachelor's degree in criminal justice and hopes to become a drug and alcohol counselor for military veterans.

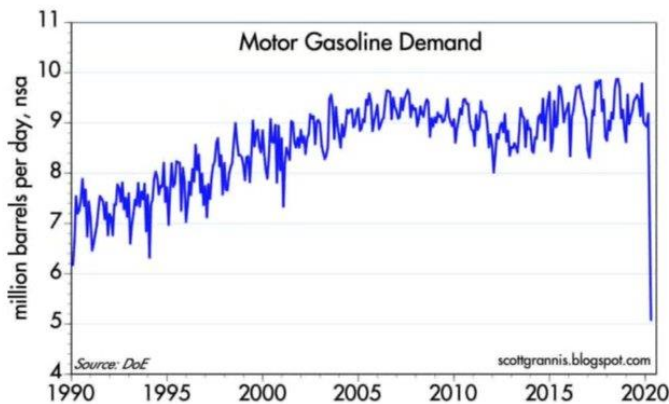
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Recession or Depression? (cont'd from page 1)

The table below illustrates just how much things have slowed and how quickly. The Chicago Business Barometer is a midwest bellweather for business activity in the middle of our country.

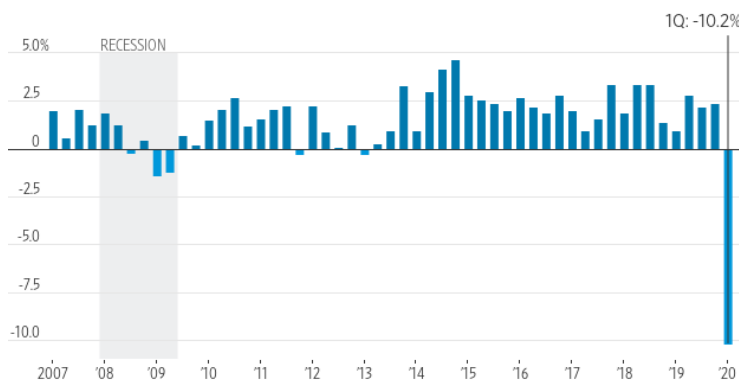


People are not driving like they did just a few months ago, so demand for motor gasoline is in the proverbial toilet.



Personal consumption of services has also disappeared as many businesses not deemed 'essential' are closed. Many of our retirees would certainly consider their dentists, doctors, and hair salons essential.

U.S. personal consumption expenditures on services, change from prior quarter



Note: Inflation and seasonally adjusted annual rate
Source: Commerce Department

Lifespan

We may not think about our lifespan very often but I'm eternally curious and I wondered what the lifespan is for various animals on the planet. We know humans live into their 70's or 80's depending on which country they live in and their health habits. We're by no means the longest living organisms on the planet. We live much longer than many, but some are just amazingly long-lived! Let's look at some animals and how long they live; I don't think the country or habits play into animal life expectancy much.

• Mayfly	24 hours
• Drone Ant	3 days
• Male Mosquito	1 week (don't bite)
• Housefly	15-25 days
• Female Mosquito	1 month (biters)
• Dragonfly	4 months
• Bed bug	6 months
• Moon Jellyfish	18 months
• House Mouse	1 year
• Panther Chaameleon	1 year
• Mole	3 years
• Pigeon	4 years
• Guinea Pig	4 years
• Honeybee	5 years
• Dumbo Octopus	5 years
• Red Panda	7 years
• Opossum	8 years (luck)
• Chicken	9 years
• Kangaroo	10 years
• Hummingbird	12 years
• Cheetah	12 years
• Brushtail Possum	13 years
• Dog	13 years
• Tiger	15 years
• Cat	16 years
• Platypus	17 years
• Cow	20 years
• Lion	20 years
• Polar Bear	20-30 years
• Queen Ant	20-30 years
• Giraffe	25 years
• Grizzly Bear	30 years
• Bald Eagle	32 years
• Giant Panda	35 years
• Horse	40 years
• Camel	40 years
• Goldfish	40 years
• Orangutan	45 years
• White Rhino	50 years
• Macaw	65 years
• Elephant	70 years
• Great White Shark	70 years
• Japanese Koi Fish	70 years
• Orca	75 years
• Gray Whale	77 years
• Kakapo	80 years
• European eel	88 years
• Blue Whale	90 years
• Nile Crocodile	95 years
• Pacific Ocean Perch	98 years
• American Lobster	100 years
• Japanese Spider Crab	100 years
• White Sturgeon	104 years
• Freshwater Pearl Mussel	110 years
• Aldabra Giant Tortoise	120 years
• Mediterranean Spur-thighed tortoise	125 years
• Rougheye rockfish	140 years
• Geoduck	150 years
• Lake Sturgeon	152 years
• Galapagos tortoise	170 years
• Orange Roughy	175 years
• Bowhead whale	200 years
• Red Sea Urchin	210 years
• Quahog clam	225 years
• Giant tbe worm	250 years
• Greenland shark	270 years
• Giant tube sponge	2000 years
• Coral reef	4000 years
• Turritopsis dohrnii	biologically imortal!

- Congratulations to Rick Cornish on his new job!
- Our condolences to the Baer family on the passing of Barbara (Gramma Baer) A wonderful woman, sister, wife, mother, grandmother and friend. Harwinton loses a legend.
- Congratulations to Lauren Richards on her new job!
- Our condolences to the Fraunhofer family on the passing of Dave, a wonderful man, husband, father, brother, father, grandfather and friend.

Question & Answer

Ask any financial question you have, and we'll address it here.

Q: What has changed in 2020 with the Secure Act?

Great question and some big changes here with this new law. Here is a quick summary of some of the major provisions of the law:

- RMD's now begin at age 72 rather than 70.5 This is especially important if you're turning 70.5 this year and do not need the money, you no longer have to take it until you're 72. Few know that if you're still working and not the business owner or part of an affiliated group you do not have to take RMD's regardless of age.
- Stretch IRA's are far less nimble, perhaps they should pick up yoga as they've lost most of their power. Now limited to 10 years from multiple generations, this stretch IRA concept has just changed monumentally.
- Spouses can still stretch IRA's for a lifetime, non-spouse beneficiaries may no longer.
- Workers will have an option to select an annuity payment stream with defined contribution plans upon retirement
- Providing employers tax credits and protections for establishing retirement plans
- Protecting multiple employer plans to simplify the administrative end of pension plans on small businesses
- Making it easier for part time workers to utilize 401(k) type plans
- Allowing penalty free withdrawals of up to \$10,000 per year from 529 plans for repayment of student loans
- Changing provisions of the Tax Cuts & Jobs Act that raised taxes on benefits received by family members of deceased veterans, students, and some Native Americans.
- **For 2020, RMD's are waived. If you do not want to take an RMD for 2020, the government has given everyone a free pass due to the virus. We're happy to stop them if you'd like: just let us know.**

"This was his goal, as he is a recovering alcoholic who was self-medicating due to his PTSD," Lacy said. "But now that he has the degree, he is too anxious to attempt an internship to complete the goal and actually receive his paper degree and get a job."

Through a mutual friend, Lacy acquired a part-time job with the Coalition's Heroes Thanking Heroes program. "I am so happy because it was to a point where his check just wasn't cutting it anymore," she said. "We have been stable, but when extra expenses come along, like these three little ones beginning a new school year, it makes it a little hard to squeeze that penny anymore. Now with the work for the Coalition, the little extras aren't as hard to handle and I am still able to stay enrolled in my part-time college courses, as well as assist my love through those hard days and nights with a little more ease. I have great flexible hours, so I am still able to help him get to his medical appointments. It is really like no job I ever had before. It has become more of a blessing than just the pay. Speaking with those who have been so generous really gives my heart a little extra strength just by hearing how much they care and support my family and millions of others."

Lacy has no complaints about her situation. "I knew when I married him there was a chance of an injury and even the possibility of becoming a widow," she said. "But until I heard he had been injured, that's when the reality began to sink in. Immediately, I felt the need to jump into action, researching and asking a million questions. 'Will he ever get better?' 'What can I do to help him?' 'How will this affect our family's future?' It's hard to hear the answers to some of those questions, though. 'No, he will never get better, you will all just learn to adapt. There isn't much you can do except be there for him. This is going to be hard for your family.'

"Antonio has chronic PTSD, TBI, a back, hip, and knee injury, as well as tinnitus," Lacy said. "I have become his counselor, physical therapist, nurse, taxi, calendar and so much more. Some being what any spouse would do, and others, well, a little higher call to action. Planning things goes a little different than it used to. There is little to no spontaneity due to his PTSD and TBI because this could be a trigger for something unpleasant. Where anyone could stop by at any time before now, everyone knows they need to give a bit of notice, so the doorbell doesn't cause a panic. When we go out, we must take a note of all exits and access a seating location accordingly, adding that we need to try and have a wall at his back.

"Though our family has struggled, we are still in a healing process that will never be fully over," Lacy said. "We constantly find new ways to work through the hard days when he is in so much pain he can hardly get out of bed; or those nights when the nightmares do not allow him to rest and the medication isn't cutting it. We even have times when we are trying to have a normal family day out and his anxiety begins to overwhelm him. We will continuously be thankful that we still have our hero. Even if he is banged up and bruised a little and when others look upon us in judgment because he doesn't 'look' like a disabled veteran because he still has all his extremities attached."

Lacy insists that being a caregiver is a choice she made. "I have gotten so frustrated by hearing people say to me that they are sorry that I must be my husband's caregiver, that it's not fair because I am so young. That they hate that I am missing out on so much. Being a caregiver is not an easy job sometimes, but I wouldn't change it for anything. I don't see it as unfair or that I must do it. I feel like I am rewarded with the ability to show my husband just how much I love him. I am fulfilling part of the promise I made when I said till death do us part. I don't feel like I'm missing out on anything. In fact, I feel fortunate in that I have someone to take care of. So many have lost their hero and I still have mine, uniquely battered and bruised in his own perfectly imperfect way."

Lacy credits the Coalition for providing her and others support in their challenging roles as caregivers. "It has been a valuable resource to me and my family both in helping us make ends meet but also enabling me to talk to others who are also caregivers, or speak to veterans who can share similar experiences, so I can have a greater understanding of how to help my husband and family get through things."

Bless this wonderful family!

Money Quiz

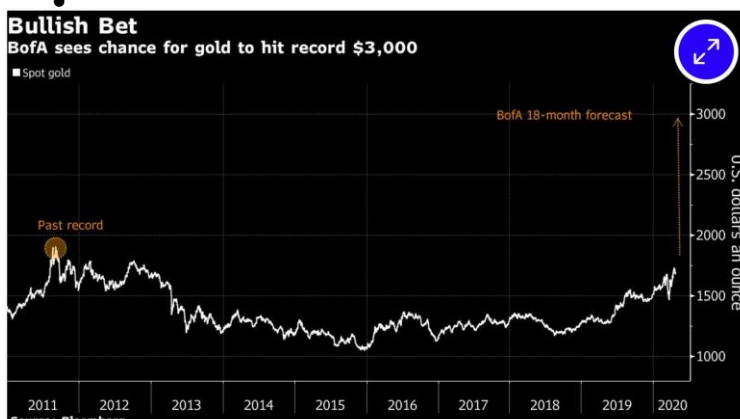


This month's challenge is on student loans. The \$1.51 trillion of outstanding debt is held in the US by tens of millions of people. What is the average debt load per student? Last month's quiz was won by Ernie Santini, the % of first time jobless claims filed on 02/01/20 was 3.283 million, the highest number ever on record as of that date. 😊 03:30:20:08

Is Gold Peaking?

That's the million-dollar question, right? We don't think so; in fact, we think it's just getting going. All signs point to an era where Gold does quite well. The factors we examined from a global macro-perspective, which lead us to that conclusion, are as follows:

- Governments across the globe are horrible financial stewards and simply look to print more money and incur more debt to continue their unsustainable spendthrift ways.
- The physical metal cannot be manipulated by man or by government. We think that the gold standard never should have been abandoned; if that was the case, the debts we face today would have been impossible to rack up.
- There are a few factors that impact gold, namely its use as a commodity in electronics, jewelry, etc. Another big factor is as a financial tool; central banks across the world have been accumulating it for some time now and when investors begin to do the same, demand exceeds supply, and it falls.
- Equity markets are weakening. Typically, Gold is perceived as a safe haven, so if markets continue to be weak, which we expect they will be until the Spring/Summer of 2022, the demand as a safe haven instrument will not waver much from the investor perspective.
- The chart below shows how Gold has performed in the past decade. It was strong until 2011 when the Eurozone was about to come unglued and was weak for a good 8 – 9 years. The past couple of years, it's begun to resurrect and now appears to be moving to the upside. It isn't uncommon for these moves to last a decade or more so has this move only just begun?

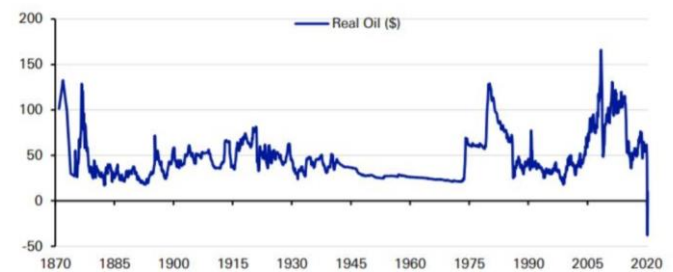


The Juice in Oil

Demand for oil has plummeted with the global shutdown following COVID-19 and now the world is literally swimming in oil. There is so much of it there is nowhere to store the oil that is in the supply chain. We're seeing prices go negative on the front month futures contracts and the producers are closing production to help even out the supply and demand imbalance.

Check this out, a long-term chart of the price of oil in \$'s over a period of 150 years. We've never seen this little demand for oil and the prices crash so badly as they have in the past few months. We see this as a generational opportunity to own companies that are dealing in a commodity that isn't going away.

Figure 2: The cost of a barrel of oil in real USD terms



Source: Deutsche Bank, Global Financial Data

We are not the best at finding the next best winning thing in the world so we're focusing on finding things we always all need and just finding them at the right prices. This is one of those opportunities. The world will continue to use oil and oil byproducts, it'll just be a few years of imbalance with the recession that is about to come, and the adjustments people will make moving forward in their consumption habits. Many people will consume less, as they're terrified at the prospects of how the global economy will re-emerge. Many will do nothing, and some will consume more based on their industry or business.

The fact is the world is trying to become a cleaner and greener place, but we will use oil and its associated products for a long time from now. These facts make this an exciting and as I like to say "juicy" opportunity to get into something simple that we all need and use at incredibly attractive prices, simply because people are fearful.

We've seen many changes in the last couple of months as the global economy is basically shut down over the fears of how the virus may impact all of us. We don't know how it plays out medically at this point, but we do know this is an amazing thing and it very much reminds me of the banks in 2009. We're also seeing massive insider buying in energy issues...juicy!

Inspirational Quotes

- I'll never let anyone talk me into not believing in myself – Muhammad Ali
- Even the greatest was once a beginner – unknown
- I practice to the point that it's uncomfortable how hard I go. That way, in a game, things slow down – Steph Curry
- Value those colleagues that tell you the truth, not just what you want to hear – Pat Summitt
- Great teamwork is all about great team players
- Passion so fierce that the whole team can feed off your intensity, enthusiasm, and energy – unknown
- If it were easy it would not be any fun – unknown



Are we missing the obvious? We deal with families across the spectrum of wealth, with most of our families being in the upper-middle class category. The fact that we're in New England, a nice place where people are educated and motivated, puts us ahead of many parts of the country and much of the world when it comes to economic rank. We're blessed by that fact, but must remain humble that we're not the owners of all great ideas and we can learn from everyone and must give back and take care of our fellow people.

When talking to the child of a family, we were having a basic conversation and the kid was 'salty' about having college at home and being bored. The family is way, way, way above average and the kid has had it easy to say the least. When discussing the day and what she does, and suggesting how to find things to do, we ended up talking about making her bed. She wanted to change the look and feel of her room; a great project would have been to remake the bed with a new set of linens to go with the new idea of decorating the room. Now, she thought it was impossible for her. I thought she was being funny, but she said, "I can't do it," to which I responded "why?" She said, "I don't know how to make my bed." I was flabbergasted and thought she was being a smartass, but she wasn't. She had never made a bed, as that is something the housekeeper does. Hard to believe but it's true and in our own backyards. Let's not miss out on the basic skillsets for our kids and grandkids, let's make sure they're responsible and capable adults one day. 😊

We can piece the puzzle together and make your money work for you!

If anyone you love or care about would benefit from receiving our newsletter, tell us who they are and they will be included on our mailing list. They'll certainly appreciate you thinking about them and having their best interests at heart!

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